

GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Municipal Administration and Urban Development Department – Revival of World Bank assisted Andhra Pradesh Urban Reforms and Municipal Services Project (APURMSP) – Revised Implementation Arrangements – Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (UBS) DEPARTMENT

G.O.Ms.No. 288

Dated: 21.04.2009

Read the following:

1. G.O.Rt.No.1119 MA&UD (UBS) Department dated 15.10.2004.
2. G.O.Rt.No.1268 MA&UD (UBS) Department dated 19.11.2004.
3. G.O.Ms.No 39 Finance (SMPC) Department dated 15.02.2005.
4. G.O.Ms.No. 72 MA&UD (UBS) Department dated 18.02.2005.
5. G.O.Ms.No. 61 Finance (SMPC) Department dated 14.03.2005.
6. G.O.Ms.No. 317 Finance (SMPC) Department Dated 08.11.2006
7. G.O.Rt.No. 1240 MA&UD (UBS) Department dated 29.08.2008.

ORDER:

Government have approved the Andhra Pradesh Urban Reforms and Municipal Services Project (APURMSP) with World Bank assistance for bringing about Urban Sector Reforms, improvement in civic infrastructure and Poverty reduction.

2. In the reference 4th read above Government issued orders constituting Andhra Pradesh Urban Infrastructure Fund (APUIF) to act as an asset management company (AMC) / fund manager and restructuring the Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited (APUFIDC) as the Principal Implementing Agency along with certain operational procedures for APURMSP .

3. In pursuance to the discussions with the World Bank as part of the revival and redesigning of APURMSP in 2008-09 (following repeal of the Urban Land Ceiling Act by the State Legislative Assembly in March, 2008), it emerged that audit of the APUFIDC relating to the last few years remains to be completed resulting in reservations on the designation of APUFIDC as the nodal Project Implementing Agency. This has necessitated certain consequential modifications as well as additional guidance in the implementation arrangements for the project. Based on the proposal of Commissioner and Director of Municipal Administration and detailed discussions with all the stakeholder organisations, Government sets out the following revised arrangements and associated guidance for project implementation:

- i. The Commissioner and Director, Municipal Administration is designated as Principal Implementing Agency and to that effect provisions of G.O.Ms.No. 72 stands amended. The Commissioner and Director, Municipal Administration assisted by the Municipal Strengthening Unit (MSU) shall co-ordinate Project preparation , implementation and monitoring including the actions required to mitigate the risks if required in the Governance and Accountability Action Plan (GAAP). The Commissioner and Director of Municipal Administration shall also manage the APURMSP Public Information Officer and Grievance Redressal and Dispute Resolution System to handle concerns of the Project affected people as well as disputes between the Urban Local Bodies and Contractors. The role of APUFIDC shall be advisory to APUIF.
- ii. For the infrastructure component of the Project, the Urban Local Bodies shall be designated as the implementing agency. The Municipal Strengthening Unit in the Office of the Commissioner and Director, Municipal Administration and Engineer-in-Chief, Public Health through their Engineers shall assist the Urban Local Bodies in preparation of Detailed Project Report, preparation and

technical sanction of the sub-projects, recording and check measurement of works etc duly following the PHED Department Codes and Rules in practice. The MEPMA shall be responsible for co-ordination of the social development and pro-poor activities of the project by the Urban Local Bodies.

- iii. In order the effectively implement the APURMSP, Government hereby constitute the following Committees to appraise, approve and provide overall monitoring, coordination and guidance to the project:

A. Project Appraisal Committee (PAC)

The sub-projects Detailed Project Reports prepared under the Project by the implementing agencies concerned shall be scrutinized by the MSU under the Commissioner and Director of Municipal Administration and placed before the Project Appraisal Committee for appraisal from the perspective of environment, social development, financial and other perspectives as agreed under the World Bank project. The Committee shall meet as and when required or once in a month.

Commissioner and Director of Municipal Admin.	Chairman
Secretary, APUIF	Member
Mission Director, IKP-Urban (MEPMA)	Member
Engineer-in-Chief, Public Health Deptt.	Member
Director of Town and Country Planning	Member
Project Director, MSU, APURMSP	Member Convener

B. Steering Committee:

In supersession of the orders issued in G.O.Rt.No. 1240 Municipal Administration and Urban Development (UBS) Department dated 29.08.2008 the Steering Committee is reconstituted with the following members.

Secretary to Government, MA&UD Department	Chairman
Commissioner and Director, Municipal Administration	Vice-Chairman
Special Secretary to Government / Additional Secretary to Government/ Joint Secretary to Government, MA & UD Department	Member
Additional Secretary / Joint Secretary to Government, Finance Department	Member
Managing Director, APUFIDC Ltd	Member
Mission Director , MEPMA	Member
Engineer-in-Chief Public Health	Member
Director, Town and Country Planning	Member
Project , MSU, APURMSP	Member-Convenor

The Steering Committee shall approve the annual action plan including of sub-projects Detailed Project Reports (DPRs) appraised by the Project Appraisal Committee (PAC), approve the operational guidelines under the Project , accord approval to engage subject specialists on outsourcing basis including their remuneration , approve the operations manual, resolve issues of coordination among the different Heads of Departments who are implementing agencies or stakeholders in the project, review and monitor the implementation of the Project . The Committee shall meet once in two months or whenever deemed necessary for the implementation of the project.

C. Empowered Committee.

The Empowered Committee (EC) shall review and direct the APURMSP at the highest level, resolve inter departmental issues. The Committee shall meet once in 6 months or as and when required. The Empowered Committee will be chaired by the Chief Secretary, and the Secretary, Municipal Administration and Urban Development will be the member-convenor. The other members of the committee will include Principal Secretary (Finance), Principal Secretary (MAUD), Principal Secretary (Revenue), Principal Secretary (Transport), Principal Secretary (EFST), Principal Secretary (Irrigation), Principal Secretary (IT), Principal Secretary (Rural Development), Commissioner and Director, Municipal Administration, Managing Director, APUFIDC / Secretary APUIF.

IV FINANCIAL MANAGEMENT AND FUND FLOW

- A. The Andhra Pradesh Urban Infrastructure Fund (APUIF) will act as the fiscal agent of Government of Andhra Pradesh (GoAP) as its fund manager. The funds under the urban infrastructure component of the project shall be transferred from the State budget to the PD account of Commissioner and Director of Municipal Administration and from there to the bank account of APUIF (authorized in the management agreement of APUIF in GO Ms. No. 72, MA & UD Department, dated 18-2-2005 under the listed powers of the fund manager), which will extend sub-loans and sub-grants to the Urban Local Bodies subject to GoAP's treasury rules, procedures and limitations. The Project fund shall not be kept idle in the bank account of APUIF and C&DMA shall transfer the funds to APUIF only when APUIF is in turn ready to transfer them to respective ULBs immediately thereafter. The rules and procedures with regard to the operation of the bank account of APUIF shall be documented in the Operations Manual of the project. Further the funds relating to the other three components of the project, namely the state level policy development, capacity enhancement and project management components shall also be transferred from the State budget to the PD account of Commissioner and Director of Municipal Administration. The operations under the PD account of Commissioner and Director of Municipal Administration shall conform to the existing financial rules and procedures of Government of Andhra Pradesh (GoAP) including the standing Government orders.
- B. The funds shall flow from the bank accounts of APUIF or the PD accounts of Commissioner and Director of Municipal Administration as above to the bank accounts of Urban Local Bodies and of other implementing agencies including Municipal Strengthening Unit. Criteria for release of funds to the implementing agencies for various sub-projects will be detailed by the Commissioner and Director, Municipal Administration in the Operations Manual separately.
- C. APUIF which operates as a loan and investment company to the Urban Local Bodies while being governed by the Trust rules shall also adopt the best practices of Non Banking Finance Company (NBFC) in India.
- D. The Municipal Strengthening Unit / Commissioner and Director of Municipal Administration will consolidate the actual expenditure information for all project components into the Interim Unaudited Financial Reports (IUFR) and for seeking reimbursements. The Municipal Strengthening Unit will be responsible for all reporting requirements including those to the Bank.

V. PROCUREMENT: The orders issued in the G.O.Rt.No.119 MA&UD (UBS) Department dated 15.10.2004 and G.O.Rt.No.1268 MA&UD (UBS) Department dated 19.11.2004 stand cancelled and the following procedure shall be adopted.

- A. The method of procurements of work, goods or services under APURMSP shall be in accordance with the guidelines for procurement agreed with the World Bank and as per the standard Model Bid Documents developed by the Government of India Task Force and agreed with the World Bank. APURMSP would participate in the e-Procurement pilot as per the Standard Bidding Documents.

- B. The Urban Local Bodies will process their procurements including contracting of sub-projects in Urban Infrastructure component of the project. For these subprojects, Municipal Strengthening Unit will assist Urban Local Bodies in all steps of procurements through its own procurement specialist, Public Health Engineering Department Engineers as well as consultants. The procurements in other components of the project would be processed by Municipal Strengthening Unit.
- C. The required technical assistance to the Project shall be engaged under relevant project components on outsourcing / contract basis as per procurement measures with the Terms of References and the details of remunerations, allowances etc documented in the Operations Manual with prior approval from Finance (SMPC) Department.

Vi. **AUDIT AND ACCOUNTING ARRANGEMENT**

- A. The statement of receipts, payments and vouchers of a month from the first date of the month to the last shall be sent by the Urban Local Bodies and Implementing Agencies to APUIF and Municipal Strengthening Unit by 15th of next month. The copy of the consolidated and final incorporated monthly accounts of APUIF shall be reconciled with Municipal Strengthening Unit by 28th of the next month. An on-line Financial Management Information System (FMIS) package shall be developed for regular statements of monthly accounting.
- B. The Municipal Strengthening Unit upon receipt of accounts from APUIF shall monitor the physical and financial progress of the project as per the action plan and recommend necessary corrective measures to the Implementing Agencies and Urban Local Bodies. The Municipal Strengthening Unit shall recommend the next quarterly financial releases to the Urban Local Bodies based upon the progress of works and expenditure in the previous quarter as per the action plan.
- C. The internal (concurrent) audit of all the participating Urban Local Bodies will be conducted by CDMA / MSU at least once a year through Chartered Accountants (CAs) and include verification of actual expenditures against the loans and advances to the subprojects. These actual expenditures will be reflected in the IUFs and will form the basis for disbursement of sub-loans and grants. An external audit of the project shall also include the audit of the participating Urban Local Bodies by Andhra Pradesh State Audit Department and of the State level implementing agencies including PD account of the Commissioner and Director, Municipal Administration by the Accountant General, Andhra Pradesh as per the generic Terms of References as agreed with the World Bank. All the final and intermediate reports of audits, i.e., monthly internal pre-audit of accounts and external audits shall be received by Municipal Strengthening Unit for monitoring, evaluation and reporting in a consolidated manner to the World Bank latest by 30th September of the close of Financial Accounts.

Vii **ENVIRONMENTAL AND SOCIAL SAFEGUARDS**

Adequate environmental and social safeguards in the project preparation, procurement and actual execution process shall be ensured by the Urban Local Bodies. It shall be monitored by the Municipal Strengthening Unit as per the environment and social documentation included in Social and Environmental Assessment and Management Framework (SEAMF) and Social Management Plans for sub-projects of Urban Local Bodies.

Viii **REPORTING ARRANGEMENT:**

The Urban Local Bodies shall submit quarterly financial management report (FMR) in the prescribed form duly reflecting the physical and financial progress under approved sub-projects to the APUIF and Commissioner and Director, Municipal Administration. Similarly they shall also submit annual financial statement within three months of the close of the financial year which shall be subject to audit by the statutory audit of APUIF. The APUIF shall consolidate and

forward the report to Municipal Strengthening Unit. The Municipal Strengthening Unit shall prepare a consolidated progress report duly taking the reports from other implementing agencies like MEPMA, ENC, CDMA and submit report to the Government and the World Bank within one month from the close of the Financial Year.

4. The Commissioner and Director, Municipal Administration, Hyderabad (PIA) shall immediately finalize the Detailed Operations Manual for Reporting Arrangement, Audit and Accounting, Procurement and Environmental and Social Safeguards, access criteria for APURMSP, Initial Project Proposal from Urban Local Bodies, detailed Project Report, Memorandum of Agreement between the APUIF and Urban Local Bodies and Municipal Strengthening Unit and Urban Local Bodies, outputs and compliance report in the Project Appraisal Committee and submit to Steering Committee for approval.

5. This order issues with the concurrence of the Finance (IF) Department vide their C. No. 209/Fin.PMU/09, dated 18.04.2009.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

PUSHPA SUBRAHMANYAM
SECRETARY TO GOVERNMENT &
COMMISSIONER, UPA

To

The Commissioner and Director of Municipal Administration, Hyd.

All Urban Local Bodies.

The Principal Secretary to Government, Finance Department.

The Principal Secretary to Government, Planning Department.

The Principal Secretary to Government, Housing Department.

The Principal Secretary to Government, Irrigation Department.

The Principal Secretary to Government, Rural Development Department.

The Principal Secretary to Government, IT Department.

The Secretary to Government, MA & UD Department.

The Managing Director, APUFIDC Limited, Hyderabad.

The Engineer-in-Chief (Public health), Hyderabad.

The director of town and Country Planning, Hyderabad

The Project Director, MSU, APURMS Project, Hyderabad.

Copy to:

The P.S. to Chief Secretary to Government.

The Finance (Expr.M&F) Department.

The Finance (BG) Department.

The Public Enterprises Department.

The P.S. to Hon'ble M(MA).

The P.S. to Principal Secretary to Government, MA & UD Dept.

The P.S. to Secretary to Government, MA & UD Dept.

The P.A. to Special Secretary to Government, MA & UD Dept.

SF/SC

//FORWARDED BY ORDER//

ASSISTANT DIRECTOR